106TH CONGRESS
1ST SESSION

S. 1255

A BILL

To protect consumers and promote electronic commerce by amending certain trademark infringement, dilution, and counterfeiting laws, and for other purposes.

JULY 29, 1999

Reported with an amendment

Calendar No. 240

106TH CONGRESS
1ST SESSION

S. 1255

To protect consumers and promote electronic commerce by amending certain
trademark infringement, dilution, and counterfeiting laws, and for other
purposes.

––––––––––––––––

IN THE SENATE OF THE UNITED STATES

JUNE 21, 1999

Mr. ABRAHAM (for himself, Mr. TORRICELLI, Mr. HATCH, Mr. MCCAIN, and
Mr. BREAUX) introduced the following bill; which was read twice and re-
ferred to the Committee on the Judiciary

JULY 29, 1999

Reported by Mr. HATCH, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

––––––––––––––––

A BILL

To protect consumers and promote electronic commerce by
amending certain trademark infringement, dilution, and
counterfeiting laws, and for other purposes.

1   *Be it enacted by the Senate and House of Representa-*

2 *tives of the United States of America in Congress assembled,*

3   ~~SECTION 1. SHORT TITLE.~~

4   ~~This Act may be cited as the "Anticybersquatting~~

5 ~~Consumer Protection Act".~~

1 SEC. 2. FINDINGS.

2   Congress finds that the unauthorized registration or

3 use of trademarks as Internet domain names or other

4 identifiers of online locations (commonly known as

5 "cybersquatting")—

6   (1) results in consumer fraud and public confu-

7   sion as to the true source or sponsorship of products

8   and services;

9   (2) impairs electronic commerce, which is im-

10   portant to the economy of the United States; and

11   (3) deprives owners of trademarks of substan-

12   tial revenues and consumer goodwill.

13 SEC. 3. TRADEMARK REMEDIES.

14   (a) RECOVERY FOR VIOLATION OF RIGHTS.—Section

15 35 of the Act entitled "An Act to provide for the registra-

16 tion and protection of trade-marks used in commerce, to

17 carry out the provisions of certain international conven-

18 tions, and for other purposes", approved July 5, 1946,

19 (commonly referred to as the "Trademark Act of 1946")

20 (15 U.S.C. 1117) is amended by adding at the end the

21 following:

22   "(d)(1) In this subsection, the term 'Internet' has the

23 meaning given that term in section 230(f)(1) of the Com-

24 munications Act of 1934 (47 U.S.C. 230(f)(1)).

25   "(2)(A) In a case involving the registration or use

26 of an identifier described in subparagraph (B), the plain-

3

tiff may elect, at any time before final judgment is rendered by the trial court, to recover, instead of actual damages and profits under subsection (a)—

  "(i) an award of statutory damages in the amount of—

    "(I) not less than $1,000 or more than $100,000 per trademark per identifier, as the court considers just; or

    "(II) if the court finds that the registration or use of the registered trademark as an identifier was willful, not less than $3,000 or more than $300,000 per trademark per identifier, as the court considers just; and

  "(ii) full costs and reasonable attorney's fees.

"(B) An identifier referred to in subparagraph (A) is an Internet domain name or other identifier of an online location that is—

    "(i) the trademark of a person or entity other than the person or entity registering or using the identifier; or

    "(ii) sufficiently similar to a trademark of a person or entity other than the person or entity registering or using the identifier as to be likely to—

      "(I) cause confusion or mistake;

      "(II) deceive; or

1   "(III) cause dilution of the distinctive

2   quality of a famous trademark.".

3   (b) REMEDIES FOR DILUTION OF FAMOUS MARKS.—

4 Section 43(c)(2) of the Act entitled "An Act to provide

5 for the registration and protection of trade-marks used in

6 commerce, to carry out the provisions of certain inter-

7 national conventions, and for other purposes", approved

8 July 5, 1946, (commonly referred to as the "Trademark

9 Act of 1946") (15 U.S.C. 1125(c)(2)) is amended by strik-

10 ing "35(a)" and inserting "35 (a) and (d)".

11 **SEC. 4. CRIMINAL USE OF COUNTERFEIT TRADEMARK.**

12   (a) IN GENERAL.—Section 2320(a) of title 18,

13 United States Code, is amended—

14   (1) by inserting "(1)" after "(a)";

15   (2) by striking "section that occurs" and insert-

16   ing "paragraph that occurs"; and

17   (3) by adding at the end the following:

18   "(2)(A) In this paragraph, the term 'Internet' has

19 the meaning given that term in section 230(f)(1) of the

20 Communications Act of 1934 (47 U.S.C. 230(f)(1)).

21   "(B)(i) Except as provided in clause (ii), whoever

22 knowingly and fraudulently or in bad faith registers or

23 uses an identifier described in subparagraph (C) shall be

24 guilty of a Class B misdemeanor.

1 "(ii) In the case of an offense by a person under this
2 paragraph that occurs after that person is convicted of
3 another offense under this section, that person shall be
4 guilty of a Class E felony.

5 "(C) An identifier referred to in subparagraph (B)
6 is an Internet domain name or other identifier of an online
7 location that is—

8 "(i) the trademark of a person or entity other
9 than the person or entity registering or using the
10 identifier; or

11 "(ii) sufficiently similar to a trademark of a
12 person or entity other than the person or entity reg-
13 istering or using the identifier as to be likely to—

14 "(I) cause confusion or mistake;

15 "(II) deceive; or

16 "(III) cause dilution of the distinctive
17 quality of a famous trademark.

18 "(D)(i) For the purposes of a prosecution under this
19 paragraph, if all of the conditions described in clause (ii)
20 apply to the registration or use of an identifier described
21 in subparagraph (C) by a defendant, those conditions shall
22 constitute prima facie evidence that the registration or use
23 was fraudulent or in bad faith.

24 "(ii) The conditions referred to in clause (i) are as
25 follows:

1   "(I) The defendant registered or used an identi-

2   fier described in subparagraph (C)—

3   "(aa) with intent to cause confusion or

4   mistake, deceive, or cause dilution of the dis-

5   tinctive quality of a famous trademark; or

6   "(bb) with the intention of diverting con-

7   sumers from the domain or other online loca-

8   tion of the person or entity who is the owner of

9   a trademark described in subparagraph (C) to

10   the domain or other online location of the de-

11   fendant.

12   "(II) The defendant—

13   "(aa) provided false information in the de-

14   fendant's application to register the identifier;

15   or

16   "(bb) offered to transfer the registration of

17   the identifier to the trademark owner or an-

18   other person or entity in consideration for any

19   thing of value.

20   "(III) The identifier is not—

21   "(aa) the defendant's legal first name or

22   surname; or

23   "(bb) a trademark of the defendant used

24   in legitimate commerce before the earlier of the

25   first use of the registered trademark referred to

1   ~~in subparagraph (C) or the effective date of the~~

2   ~~registration of that trademark.~~

3   ~~''(iii) The application of this subparagraph shall not~~

4 ~~be exclusive. Nothing in this subparagraph may be con-~~

5 ~~strued to limit the applicability of subparagraph (B).''.~~

6   ~~(b) SENTENCING GUIDELINES.—~~

7   ~~(1) IN GENERAL.—Pursuant to the authority~~

8   ~~granted to the United States Sentencing Commis-~~

9   ~~sion under section 994(p) of title 28, United States~~

10   ~~Code, the United States Sentencing Commission~~

11   ~~shall—~~

12   ~~(A) review the Federal sentencing guide-~~

13   ~~lines for crimes against intellectual property~~

14   ~~(including offenses under section 2320 of title~~

15   ~~18, United States Code); and~~

16   ~~(B) promulgate such amendments to the~~

17   ~~Federal Sentencing Guidelines as are necessary~~

18   ~~to ensure that the applicable sentence for a de-~~

19   ~~fendant convicted of a crime against intellectual~~

20   ~~property is sufficiently stringent to deter such~~

21   ~~a crime.~~

22   ~~(2) FACTORS FOR CONSIDERATION.—In car-~~

23   ~~rying out this subsection, the United States Sen-~~

24   ~~tencing Commission shall—~~

1   (A) take into account the findings under

2   section 2; and

3   (B) ensure that the amendments promul-

4   gated under paragraph (1)(B) adequately pro-

5   vide for sentencing for crimes described in

6   paragraph (2) of section 2320(a) of title 18,

7   United States Code, as added by subsection (a).

8 **SEC. 5. LIMITATION OF LIABILITY.**

9   Section 39 of the Act entitled "An Act to provide for

10 the registration and protection of trade-marks used in

11 commerce, to carry out the provisions of certain inter-

12 national conventions, and for other purposes", approved

13 July 5, 1946, (commonly referred to as the "Trademark

14 Act of 1946") (15 U.S.C. 1121) is amended by adding

15 at the end the following:

16   "(c)(1) In this subsection, the term 'Internet' has the

17 meaning given that term in section 230(f)(1) of the Com-

18 munications Act of 1934 (47 U.S.C. 230(f)(1)).

19   "(2)(A) An Internet service provider, domain name

20 registrar, or registry described in subparagraph (B) shall

21 not be liable for monetary relief to any person for a re-

22 moval or transfer described in that subparagraph, without

23 regard to whether the domain name or other identifier is

24 ultimately determined to be infringing or dilutive.

1 ~~"(B) An Internet service provider, domain name reg-~~
2 ~~istrar, or registry referred to in subparagraph (A) is a pro-~~
3 ~~vider, registrar, or registry that, upon receipt of a written~~
4 ~~notice from the owner of a trademark registered in the~~
5 ~~Patent and Trademark Office, removes from domain name~~
6 ~~service (DNS) service or registration, or transfers to the~~
7 ~~trademark owner, an Internet domain name or other iden-~~
8 ~~tifier of an online location alleged to be infringing or dilu-~~
9 ~~tive, in compliance with—~~

10 ~~"(i) a court order; or~~

11 ~~"(ii) the reasonable implementation of a policy~~
12 ~~prohibiting the unauthorized registration or use of~~
13 ~~another's registered trademark as an Internet do-~~
14 ~~main name or other identifier of an online loca-~~
15 ~~tion.".~~

16 **SECTION 1. SHORT TITLE; REFERENCES.**

17 *(a) SHORT TITLE.—This Act may be cited as the*
18 *"Anticybersquatting Consumer Protection Act.".*

19 *(b) REFERENCES TO THE TRADEMARK ACT OF 1946.—*
20 *Any reference in this Act to the Trademark Act of 1946*
21 *shall be a reference to the Act entitled "An Act to provide*
22 *for the registration and protection of trade-marks used in*
23 *commerce, to carry out the provisions of certain inter-*
24 *national conventions, and for other purposes", approved*
25 *July 5, 1946 (15 U.S.C. 1051 et seq.).*

S 1255 RS

SEC. 2. FINDINGS.

Congress finds the following:

　　(1) The registration, trafficking in, or use of a domain name that is identical to, confusingly similar to, or dilutive of a trademark or service mark of another that is distinctive at the time of registration of the domain name, without regard to the goods or services of the parties, with the bad-faith intent to profit from the goodwill of another's mark (commonly referred to as "cyberpiracy" and "cybersquatting")—

　　　　(A) results in consumer fraud and public confusion as to the true source or sponsorship of goods and services;

　　　　(B) impairs electronic commerce, which is important to interstate commerce and the United States economy;

　　　　(C) deprives legitimate trademark owners of substantial revenues and consumer goodwill; and

　　　　(D) places unreasonable, intolerable, and overwhelming burdens on trademark owners in protecting their valuable trademarks.

　　(2) Amendments to the Trademark Act of 1946 would clarify the rights of a trademark owner to provide for adequate remedies and to deter cyberpiracy and cybersquatting.

1 ***SEC. 3. CYBERPIRACY PREVENTION.***

2 *(a) IN GENERAL.—Section 43 of the Trademark Act*

3 *of 1946 (15 U.S.C. 1125) is amended by inserting at the*

4 *end the following:*

5 *"(d)(1)(A) Any person who, with bad-faith intent to*

6 *profit from the goodwill of a trademark or service mark of*

7 *another, registers, traffics in, or uses a domain name that*

8 *is identical to, confusingly similar to, or dilutive of such*

9 *trademark or service mark, without regard to the goods or*

10 *services of the parties, shall be liable in a civil action by*

11 *the owner of the mark, if the mark is distinctive at the time*

12 *of the registration of the domain name.*

13 *"(B) In determining whether there is a bad-faith in-*

14 *tent described under subparagraph (A), a court may con-*

15 *sider factors such as, but not limited to—*

16   *"(i) the trademark or other intellectual property*

17   *rights of the person, if any, in the domain name;*

18   *"(ii) the extent to which the domain name con-*

19   *sists of the legal name of the person or a name that*

20   *is otherwise commonly used to identify that person;*

21   *"(iii) the person's prior use, if any, of the do-*

22   *main name in connection with the bona fide offering*

23   *of any goods or services;*

24   *"(iv) the person's legitimate noncommercial or*

25   *fair use of the mark in a site accessible under the do-*

26   *main name;*

1 *"(v) the person's intent to divert consumers from*

2 *the mark owner's online location to a site accessible*

3 *under the domain name that could harm the goodwill*

4 *represented by the mark, either for commercial gain*

5 *or with the intent to tarnish or disparage the mark,*

6 *by creating a likelihood of confusion as to the source,*

7 *sponsorship, affiliation, or endorsement of the site;*

8 *"(vi) the person's offer to transfer, sell, or other-*

9 *wise assign the domain name to the mark owner or*

10 *any third party for substantial consideration without*

11 *having used, or having an intent to use, the domain*

12 *name in the bona fide offering of any goods or serv-*

13 *ices;*

14 *"(vii) the person's intentional provision of mate-*

15 *rial and misleading false contact information when*

16 *applying for the registration of the domain name;*

17 *and*

18 *"(viii) the person's registration or acquisition of*

19 *multiple domain names which are identical to, con-*

20 *fusingly similar to, or dilutive of trademarks or serv-*

21 *ice marks of others that are distinctive at the time of*

22 *registration of such domain names, without regard to*

23 *the goods or services of such persons.*

24 *"(C) In any civil action involving the registration,*

25 *trafficking, or use of a domain name under this paragraph,*

1 *a court may order the forfeiture or cancellation of the do-*

2 *main name or the transfer of the domain name to the owner*

3 *of the mark.*

4 *"(2)(A) The owner of a mark may file an in rem civil*

5 *action against a domain name if—*

6 *"(i) the domain name violates any right of the*

7 *registrant of a mark registered in the Patent and*

8 *Trademark Office, or section 43 (a) or (c); and*

9 *"(ii) the court finds that the owner has dem-*

10 *onstrated due diligence and was not able to find a*

11 *person who would have been a defendant in a civil*

12 *action under paragraph (1).*

13 *"(B) The remedies of an in rem action under this*

14 *paragraph shall be limited to a court order for the forfeiture*

15 *or cancellation of the domain name or the transfer of the*

16 *domain name to the owner of the mark.".*

17 *(b) ADDITIONAL CIVIL ACTION AND REMEDY.—The*

18 *civil action established under section 43(d)(1) of the Trade-*

19 *mark Act of 1946 (as added by this section) and any rem-*

20 *edy available under such action shall be in addition to any*

21 *other civil action or remedy otherwise applicable.*

22 **SEC. 4. DAMAGES AND REMEDIES.**

23 *(a) REMEDIES IN CASES OF DOMAIN NAME PIRACY.—*

24 *(1) INJUNCTIONS.—Section 34(a) of the Trade-*

25 *mark Act of 1946 (15 U.S.C. 1116(a)) is amended in*

1 *the first sentence by striking "section 43(a)" and in-*

2 *serting "section 43 (a), (c), or (d)".*

3   *(2) DAMAGES.—Section 35(a) of the Trademark*

4 *Act of 1946 (15 U.S.C. 1117(a)) is amended in the*

5 *first sentence by inserting ", (c), or (d)" after "section*

6 *43 (a)".*

7   *(b) STATUTORY DAMAGES.—Section 35 of the Trade-*

8 *mark Act of 1946 (15 U.S.C. 1117) is amended by adding*

9 *at the end the following:*

10   *"(d) In a case involving a violation of section 43(d)(1),*

11 *the plaintiff may elect, at any time before final judgment*

12 *is rendered by the trial court, to recover, instead of actual*

13 *damages and profits, an award of statutory damages in the*

14 *amount of not less than $1,000 and not more than $100,000*

15 *per domain name, as the court considers just. The court*

16 *shall remit statutory damages in any case in which an in-*

17 *fringer believed and had reasonable grounds to believe that*

18 *use of the domain name by the infringer was a fair or other-*

19 *wise lawful use.".*

20 **SEC. 5. LIMITATION ON LIABILITY.**

21   *Section 32(2) of the Trademark Act of 1946 (15 U.S.C.*

22 *1114) is amended—*

23   *(1) in the matter preceding subparagraph (A) by*

24 *striking "under section 43(a)" and inserting "under*

25 *section 43 (a) or (d)"; and*

1   *(2) by redesignating subparagraph (D) as sub-*

2   *paragraph (E) and inserting after subparagraph (C)*

3   *the following:*

4   *"(D)(i) A domain name registrar, a domain*

5   *name registry, or other domain name registra-*

6   *tion authority that takes any action described*

7   *under clause (ii) affecting a domain name shall*

8   *not be liable for monetary relief to any person*

9   *for such action, regardless of whether the domain*

10   *name is finally determined to infringe or dilute*

11   *the mark.*

12   *"(ii) An action referred to under clause (i)*

13   *is any action of refusing to register, removing*

14   *from registration, transferring, temporarily dis-*

15   *abling, or permanently canceling a domain*

16   *name—*

17   *"(I) in compliance with a court order*

18   *under section 43(d); or*

19   *"(II) in the implementation of a rea-*

20   *sonable policy by such registrar, registry, or*

21   *authority prohibiting the registration of a*

22   *domain name that is identical to, confus-*

23   *ingly similar to, or dilutive of another's*

24   *mark registered on the Principal Register of*

1   *the United States Patent and Trademark*

2   *Office.*

3   *"(iii) A domain name registrar, a domain*

4   *name registry, or other domain name registra-*

5   *tion authority shall not be liable for damages*

6   *under this section for the registration or mainte-*

7   *nance of a domain name for another absent a*

8   *showing of bad faith intent to profit from such*

9   *registration or maintenance of the domain name.*

10   *"(iv) If a registrar, registry, or other reg-*

11   *istration authority takes an action described*

12   *under clause (ii) based on a knowing and mate-*

13   *rial misrepresentation by any person that a do-*

14   *main name is identical to, confusingly similar*

15   *to, or dilutive of a mark registered on the Prin-*

16   *cipal Register of the United States Patent and*

17   *Trademark Office, such person shall be liable for*

18   *any damages, including costs and attorney's fees,*

19   *incurred by the domain name registrant as a re-*

20   *sult of such action. The court may also grant*

21   *injunctive relief to the domain name registrant,*

22   *including the reactivation of the domain name*

23   *or the transfer of the domain name to the do-*

24   *main name registrant.".*

1 *SEC. 6. DEFINITIONS.*

2 *Section 45 of the Trademark Act of 1946 (15 U.S.C.*

3 *1127) is amended by inserting after the undesignated para-*

4 *graph defining the term "counterfeit" the following:*

5 *"The term 'Internet' has the meaning given that*

6 *term in section 230(f)(1) of the Communications Act*

7 *of 1934 (47 U.S.C. 230(f)(1)).*

8 *"The term 'domain name' means any alpha-*

9 *numeric designation which is registered with or as-*

10 *signed by any domain name registrar, domain name*

11 *registry, or other domain name registration authority*

12 *as part of an electronic address on the Internet.".*

13 *SEC. 7. SAVINGS CLAUSE.*

14 *Nothing in this Act shall affect any defense available*

15 *to a defendant under the Trademark Act of 1946 (including*

16 *any defense under section 43(c)(4) of such Act or relating*

17 *to fair use) or a person's right of free speech or expression*

18 *under the first amendment of the United States Constitu-*

19 *tion.*

20 *SEC. 8. SEVERABILITY.*

21 *If any provision of this Act, an amendment made by*

22 *this Act, or the application of such provision or amendment*

23 *to any person or circumstances is held to be unconstitu-*

24 *tional, the remainder of this Act, the amendments made by*

25 *this Act, and the application of the provisions of such to*

26 *any person or circumstance shall not be affected thereby.*

1 ***SEC. 9. EFFECTIVE DATE.***

2   *This Act shall apply to all domain names registered*

3 *before, on, or after the date of enactment of this Act, except*

4 *that statutory damages under section 35(d) of the Trade-*

5 *mark Act of 1946 (15 U.S.C. 1117), as added by section*

6 *4 of this Act, shall not be available with respect to the reg-*

7 *istration, trafficking, or use of a domain name that occurs*

8 *before the date of enactment of this Act.*